

M e m o r a n d u m

To: Panel Members Date: June 22, 2007

From: Ruby Cohen, Manager Analyst: F. Lukka

Subject: One-Step Agreement for **WESTERN MARINE INSURANCE SERVICES (HUA)**

CONTRACTOR:

- Training Project Profile: Retraining: Companies W/Out-Of-State Competition
Training In High Unemployment Areas Of California
- Legislative Priorities: Moving To A High Performance Workplace
- Type of Industry: Finance and Insurance
- Repeat Contractor: No
- Contractor's Full-Time Employees
 - *Worldwide:* 69
 - *In California:* 64
- ETP Trainees Represented by Union: No
- Name and Local Number of Union Representing ETP Trainees: N/A

CONTRACT:

- Program Costs: \$220,000
- Substantial Contribution: \$0
- Total ETP Funding: \$220,000
- Total In-kind Contribution: \$280,794
 - *Trainee Wages Paid During Training:* \$280,794
 - *Other Contributions:* \$0
- Reimbursement Method: Fixed-Fee
- County(ies) Served: San Joaquin

INTRODUCTION:

Western Marine Insurance Services (WMIS) provides recreational boating insurance to full-service boat dealers and yacht brokers. Founded in 1983 in Stockton, California, WMIS qualifies for ETP funding under Title 22, California Code of Regulations (CCR), Section 4416(d)(3,4) for integrated sales. The company provides underwriting and claims processing to customers located both inside and outside of California.

WMIS is requesting the Panel's assistance to retrain 50 employees in business, computer, and continuous improvement skills.

MEETING ETP GOALS AND OBJECTIVES:

WMIS proposes training that will further the following ETP goals and objectives:

- 1) Foster job retention in high-wage occupations in insurance service industries that are threatened by out-of-state competition.
- 2) Increase the skills of workers in high unemployment areas of California.

TRAINING PLAN TABLE:

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
Job Number 1	Menu: Business Skills Computer Skills Continuous Improvement Skills	50	24 – 200	-0-	\$4,400	*\$12.38 - \$66.67
Wages After 90-Day Retention						
<u>Occupation</u>						
Customer Service/Sales Representatives						
Managers						
Sales Producers						
Clerical Staff						
Information Technology Technicians						
<u>Health Benefits Used To Meet ETP Minimum Wage:</u>				<u>Turnover Rate</u>	<u>% Of Mgrs & Supervisors To Be Trained:</u>	
*Health benefits of at least \$1.13 per hour may be added to the base wage to meet the ETP minimum hourly rate of \$12.38 per hour for San Joaquin County.				7%	6%	
<u>Other Employee Benefits:</u>						
Holiday leave, vacation leave, sick leave, personal days, life insurance and 401(k) with employer matching.						

COMMENTS / ISSUES:

➤ ***Frontline Workers***

A total of 94% of all participants in this project meet the Panel definition of frontline workers under Title 22, CCR, Section 4400(ee). WMIS will train 3 managers or 6% of the training population.

➤ ***Production During Training***

WMIS agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

COMMENTS / ISSUES: (continued)

➤ ***Training in High Unemployment Areas of California***

WMIS is located in San Joaquin County which is recognized as an area of California with a significantly higher unemployment rate than the state as a whole. Based on Employment Development Department figures for March 2007, the unemployment rate in San Joaquin County is 8.5 percent with the statewide rate listed at 6.5 percent. Though located in a high unemployment area, the applicant is not requesting a wage waiver for any retrainees included in the training program.

➤ ***Continuing Education***

In California, the Department of Insurance (DOI) requires insurance agents/brokers to be licensed, and to complete minimum hours of approved Continuing Education as a condition of license renewal. It has been the Panel's past practice to not fund Continuing Education courses that are necessary to maintain a license.

In this proposal, some trainees in the "sales producer" occupation may be licensed agents/brokers, and a few courses in the Continuous Improvement module might be approved by DOI for purposes of Continuing Education. Staff will be researching this issue in more depth for a future presentation before the Panel. In the meantime, staff does not believe it warrants altering the overall training plan, although the employer may be asked to represent that it will not seek ETP reimbursement for Continuing Education to licensed agents/brokers.

RECOMMENDATION:

Staff recommends that the Panel approve this proposal to provide computer skills training which will provide employees with the knowledge and skills required for WMIS's continued progress toward growth and viability in an increasingly competitive industry. As part of this recommendation, the ETP Agreement should be modified to include a representation by Western Marine that it will not seek ETP reimbursement for the cost of delivering training to licensed agents/brokers in courses that are approved by DOI for purposes of Continuing Education.

NARRATIVE:

WMIS is an Insurance Agency; Wholesaler, and Program Manager for recreational marine products in 26 states. The company provides an insurance product, knowledge and service to the boating industry. Its customers are Direct Marine Boat Dealers, Marine Boat Manufacturers, and customers with boats, yachts, and personal watercraft.

The insurance industry, like many others is changing. To remain competitive, and keep up with the technology to meet customer demands, WMIS must create new products and services and ensure customer satisfaction.

NARRATIVE: (continued)

To accomplish this, WMIS recently invested in a new computer system "Navigator" which was installed in March of 2006 for its boat and yacht department. WMIS also installed a new "Vision" for backend accounting and they are upgrading to the latest releases of this software of the "Wintam" system used primarily in commercial departments. These systems store information on WMIS's customers, allowing the company to provide instantaneous service. Training was provided to the department leads at the time of installation, however, now they are moving to new versions of the software and are requesting ETP assist them in providing in-depth training so that all systems are used to the maximum efficiency and their workforce is up-to-date. Training will be provided areas of Business Skills, Computer Skills and Continuous Improvement Skills.

Business Skills training will improve customer service through effectively identifying customer needs, resolving problems, and retaining customers. Quality improvement performance management, problem solving, communication skills and productivity skills will be provided to reduce transaction waste and support WMIS in its effort to remain competitive.

Computer Skills training will be provided on the new computer systems, "Navigator, Vision, and Wintam." This training will enable participants to learn paperless transactions, electronic documentation, reporting, and analysis.

Continuous Improvement Skills training will be provided to employees in all job classifications with the emphasis on improving systems, processes, and performance to meet customer needs. The training is designed to work together with the new Navigator, Vision, and Wintam systems to improve efficiency, reduce costs, and increase customer satisfaction.

Commitment to Training

WMIS representatives state that training has been sporadic with little monitoring to ensure that skills learned were retained. WMIS 2006 budget for training was \$37,000. The majority of the existing training is related to the insurance industry; continuing education and classes to ensure license retention. The ETP-funded training is planned to address more customer service, process improvement and sales training, thus improving the operational efficiency, accelerate its transition to a high performance workplace, and improve the company's competitiveness in a changing market.

WMIS is committed to training and education. After this contract ends, WMIS will continue to provide ongoing training utilizing employees who have been developed through this ETP-funded project.

SUBCONTRACTORS:

None.

THIRD PARTY SERVICES:

None.

Western Marine Insurance Services

MENU CURRICULUM

Class/lab hours
24 - 200

Trainees will receive any of the following:

BUSINESS SKILLS

Customer Service
Verbal/Written Communication
Sales Techniques
Leadership
Problem Solving and Decision Making
Time Management
Negotiations Skills
Dealing With Irrate Customers
Presentation Skills
Critical Thinking
Customer Conflict Resolution
Motivation

COMPUTER SKILLS

Navigator
Vision
Wintam
Internet/Intranet
Microsoft Outlook
Citrix
Oasis Netphone

CONTINUOUS IMPROVEMENT SKILLS

Quality Improvement
Process Improvement
Team Building
Insurance Sales/Service
Insurance Coverages-Property/Liability/Marine
Property/Marine Liability
Claims/Loss/Prevention/Handling
Insurance Forms/Applications
Running Reports and How To Read and Evaluate